

MEMORANDUM

Referral For Investigation

Privileged and Confidential

To: Office of the Inspector General

From: Office of the General Counsel

LAZ

Date: Wednesday, December 09, 2009

Subject: Transaction/Policy Number: APO81503/80717

Name of Target(s) of Investigation: Exporter – Impex Associates Inc.

Transaction Information

Country: Costa Rica

Transaction No: APO81503

Borrower: Hectareas Doradas

Guarantor: Carlos Luis Ramierz Alfaro

Exporter: Impex Associates, Inc.

Lender: Espirito Santo Bank

Product: Caterpillar excavator and various other related pieces of industrial machinery

Amount of Transaction: \$839,845.42

Ex-Im Bank RM:

Ex-Im Bank Credit Underwriter:

Ex-Im Bank Collections Officer: Eric Bernard

Referral Memorandum Prepared By: Nicole Wharton

Attachments:

- Closing Memo from GRG

Basis for Referral

- Borrower, Hectareas Doradas, S.A. is reported by GRG to never have existed.
- High exporter claims rate

Details

In October 2004, the borrower, Hectareas Doradas obtained 2 Ex-Im Bank guaranteed loans to purchase industrial machinery from exporter, Impex Associates, Inc. GRG reports that their evidence indicates that the buyer never existed. Please see

attached GRG closing memo in which GRG states that they conducted numerous investigations and site visits and were unable to find evidence that the debtor existed. According to the IIS system, Impex Associates has been the exporter on more than 10 Ex-Im Bank financed insurance and guarantee transactions. At least 6 of these transactions have resulted in claims to date (see IIS).

Conclusion: Based on the foregoing, OGC believes that there is a reasonable basis to believe that one or more Impex transactions are tainted with fraud, and refers this matter to the OIG for investigation of the exporter.



Closing Recommendation Memo

DID-007

11/18/2009

Recovery Case Information			
Obligor	Country	Total Collected	GRG Recovery Fee
Hectareas Doradas, S.A.	Costa Rica	\$0.00	

Claim No	Policy/Guarantee No.	Policy Type	Buyer Debt Amt	Claim Amt	Claim Pd Date	GRG Asgn Date
AP0-81503	AP0-81503	MTG	\$835,363.13	\$839,845.42	12/15/2006	12/18/2006
AP0-80717	AP0-80717	MTG	\$982,610.98	\$988,132.40	12/15/2006	12/18/2006

Recovery Case Contacts						
Name	Type	Telephone	Fax	Company	Address	Country
Hectareas Doradas, S.A.	Obligor			Hectareas Doradas, S.A.	P.O.Box 597, 200 Oeste 100 Sur de la Contraloria Sabana Sur, San Jose 100	Costa Rica
Carlos Luis Ramierz Alfaro	Guarantor			Hectareas Doradas, S.A.	P.O.Box 597, 200 Oeste 100 Sur de la Contraloria Sabana Sur, San Jose 100	Costa Rica
Eric Bernard	Ex-Im Recovery Officer	202-565-3638	202-565-3625	Ex-Im Bank	811 Vermont Avenue NW Washington, DC 20571	United States
Adam Cortese	GRG Recovery Manager	(703) 736-3846	(703) 742-3336	Global Recovery Group	950 Herndon Parkway Suite 200 Herndon, VA 20170	United States
Maggie Angulo Levine	Participant	305-810-2008	305-372-7162	Espirito Santo Bank	1395 Brickell Avenue Miami, FL 33131	United States

Recovery Actions		
Action	Comments	Completion Date
Phone Call	We were able to find a number in the file and reach the son of the guarantor. He said that he does not have any contact with his father as they had a falling out over the direction of the business. We need to conduct a skip trace to find the father.	1/5/2007
Other	Call to Saborio to request information on the litigation process in Costa Rica. I need further details to complete the litigation request.	3/14/2007
Notes	Finally recieved the litigation plan from Saborio. I have quite a few questions. I'm trying to set up a time with him to discuss the procedures in depth-- hopefully today.	3/20/2007
Notes	Email to Saborio requesting the litigation strategy for Doradas.	5/8/2007
Notes	Spoke to Beatriz about assigning the case to Puntual. She thinks we should wait until we are able to set up meetings with the consulate. If that fails, then we should assign to Puntual.	5/6/2008
Notes	Beatriz notified me that she spoke to Puntual and we will be assigning this case to them ASAP.	5/29/2008
Email	Sent an email to local agent to get an update.	7/23/2008
Notes	Puntual has not been able to locate the obligor or guarantors. Carlos has said that he would like an additional two weeks, but if he cannot make any progress during that time, he will recommend case closure.	9/26/2008
Notes	Left message for Carlos for an update on these cases. If they have not yet been able to locate the debtor or guarantors, GRG will close the case.	10/17/2008
Notes	Carlos has indicated that the company is no longer in business (in fact it may never have existed) and that he cannot locate the guarantor. He has recommended case closure.	11/7/2008
Email	Solicitation email sent to new local counsel to attempt extrajudicial collection. This will be our final attempt. If it does not work, the case will be closed.	1/27/2009



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Recovery Actions		
Action	Comments	Completion Date
Phone Call	Call to Roger to follow up on the fee arrangement for extrajudicial collections.	2/9/2009
Notes	Fee schedule has been arranged and the appendix b went out this afternoon.	2/24/2009
Notes	Local counsel had a few questions regarding our services agreement. I answered them this afternoon.	3/5/2009
Email	Email to local counsel requesting that they execute the appendix b in the short term so we can move forward with collection activity.	3/6/2009
Notes	Appendix B has been signed and countersigned. Documents have been remitted to local counsel.	3/10/2009
Email	Email to Roger to see if he's been able to make any progress on the case.	3/20/2009
Review	Review of the claim. It is necessary to find a local counsel and request a new asset search. So far it has been impossible to locate the obligor.	3/25/2009
Notes	Roger advised of the following: It has been difficult to contact the legal representative of HECTAREAS DORADAS S. A., Mr. Carlos Luis Ramirez Alfaro, reason why we sent a facsimile today, asking for a meeting for next week, as prior step before our Law Firm take judicial actions against Hectareas Doradas.	3/30/2009
Email	Email to local counsel requesting an update.	4/6/2009
Email	Sent an email to Roger to confirm that he will, in the short term, be providing me with a matrix outlining the value of the Debtor's properties and their encumbrances.	6/9/2009
Email	Email to Roger to have a conference call regarding the Debtor.	6/16/2009
Phone Call	Spoke to Roger yesterday evening. They had provided the promised matrix, but it did not contain the values and encumbrances of the property. I noted to him that I was expecting these items, but he stated they could not provide this information without a professional appraiser. I asked that he obtain a few quotes from local appraisers in the short term, so that we may finally take a decision on this case.	6/18/2009
Email	Email to Roger requesting an update on the land appraisals.	7/1/2009
Notes	Roger's quote for the appraisals was \$2,500, which seems excessive. I will try to negotiate the price down.	7/6/2009
Notes	Did letter to request the Costa Rican consulate's involvement in the cases of that jurisdiction. The letter has a summary of the case and request from them to send a letter to the obligors	7/13/2009
Other	Conference call with Mariano Zuniga y Beatriz Leon. Mariano will help us to establish an estimated value of the creditor's properties.	7/23/2009
Email	Sent a detail description of the obligors' assets to Mariano Zuniga as he will help us to establish an estimated value of the assets	7/24/2009
Email	Asked Roger Guevara for the litigation questioner since it has passed 2 weeks from the time that I first sent them to him.	8/4/2009
Email	Mariano Zuniga responded to our request on the appraisal of the properties. He said that now one can give an estimated value of the assets without at least making preliminary investigation. He has a lawyer that is willing to do the investigation and apparently he will not charge that much. Zuniga asked if he can meet with him. I replied that there is no harm in meeting and asking a quote on the appraisal. However, I requested to treat all relevant information as confidential.	8/5/2009

Recovery Transactions							
Claim No	Type	Transaction Date	Invoice Date	Amount	GRG Fee	Litigation Amount	Ex-Im Bank Litigation Amount
Totals				\$0.00	\$0.00	\$0.00	\$0.00

GRG Recovery Expense		
Description	Date	Cost



Closing Recommendation Memo

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11/18/2009

GRG Recovery Expense		
Description	Date	Cost
Travel	Various	\$2500
Asset Investigations	Various	\$1500

Justification for Case Closure

In October, 2004 Hectareas Doradas ("Debtor" or "Hectareas") obtained two Ex-Im Bank guaranteed loans from Espirito Santo Bank, in the aggregate value of \$1,903,965.00, to fund the purchase of a caterpillar excavator and various other pieces of related industrial machinery. The loan was personally guaranteed by the principal owner of the Debtor, Carlos Luis Ramirez Alfaro. The Obligors defaulted on the second installment on the notes in May 2006. The claim was paid in December 2006 and assigned to GRG shortly thereafter.

Upon assignment of the case, GRG attempted to make contact with the Debtor through the phone numbers on file. After several attempts, GRG was able to speak with the guarantor's son. He indicated that he no longer has any contact with his father as the result of heated arguments regarding the finances of the business. He was brief and was not forthcoming with any additional information. GRG attempted to send demand letters to Debtor and guarantor, but each were returned as undeliverable. As contact with the Obligors had not been made, GRG employed local counsel to conduct a skip trace and asset investigation. Local counsel advised that he could neither find any record of the Debtor company having existed, nor the current whereabouts of the guarantor and principal owner of the Debtor, Mr. Carlos Luis Ramirez. Local counsel did note that there was one rural property outside of Limon registered under the guarantor's name, but that its value was minimal and therefore would not support a litigation recommendation. Local counsel concluded that the Debtor company did not exist at the time of the loan and suggested that Ex-Im Bank consider a criminal action against Mr. Ramirez. GRG advised that this was not an option and local counsel, in turn, recommended case closure.

GRG then opted to assign the case to Puntual for extrajudicial collection activities; however, Puntual's efforts produced the same results. Puntual was unable to locate the Debtor company or the guarantor and also advised that they did not believe the business ever existed. Puntual recommended that the case be closed as it was deemed unrecoverable.

In a final attempt to collect on the asset, GRG assigned the case to a third local counsel. Prior to this assignment GRG conducted an online investigation on the guarantor through Westlaw. The investigation resulted in a new lead. GRG was able to determine that that Mr. Ramirez was listed on the board of an auto supply company in Limon, Suplidora Auto Ramisan. GRG notified local counsel of this possible asset, but further investigation by local counsel revealed that Mr. Ramirez did not have an ownership interest in the company. Local counsel also conducted its own investigation on the Obligors, but additional leads were not obtained. Local counsel recommended that the case be closed as there were not sufficient assets registered under the names of the Obligors to support litigation and the Obligors could not be located.

In view of the fact that the Obligors have no intention of paying the debt voluntarily and that litigation is not an economically viable option for recovery, GRG recommends case closure.

Certification

Donald Bean, Jr., Project Manager

11/18/2009

Date